

ANALYSIS OF FACTORS AFFECTING INCOME SMOOTHING OF LISTED MANUFACTURED COMPANIES IN INDONESIAN STOCK EXCHANGE

ABSTRACT

This research is designed to analyze factors which have influence income smoothing practice in manufacturing companies that are listed in Indonesian Stock Exchange. The factors are being examined are firm size, profitability, net profit margin, price to book value, financial leverage, and operating leverage. This study was also to improve consistency of results from prior researchers. The sample of this research consisting of 153 data that has been listing in Indonesian Stock Exchange for the period 2007 until 2009 that has been selected by purpose sampling method. Sample were classified to be smoother and non smoother using Eckel Index from 2007 until 2009. This study uses logistic regression method to see the contribution of each variable in influence income smoothing. The empirical result indicates that all of independent variables (firm size, profitability, net profit margin, price to book value, financial leverage, and operating leverage) do not have influence to income smoothing.

Keywords: *Income Smoothing, Firm Size, Profitability, Net Profit Margin, Price to Book value, Financial Leverage, and Operating Leverage.*